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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

September 16, 2015

CERTIFIED RETURN RECEIPT
7013 3020 0002 3659 6122

John Hewitt
Pabco Building Products LLC
9780 South 5200 West
West Jordan, Utah 84078-8525

Subject: Evaluation of Reclamation Surety and Division Directive to Provide an Updated Map, Pabco Building Products LLC, Powell Mine, M/049/0004, Utah County, Utah

Dear Mr. Hewitt:

The last reclamation cost estimate for the Powell mine was completed in 2010 and escalated to 2015, with a bond escalation date of January 3, 2015, so the reclamation surety amount is now due for review and adjustment. The Division of Oil, Gas and Mining may adjust the amount of reclamation surety as the result of a periodic review taking into account inflation/deflation based on an acceptable cost index (R647-4-113.6).

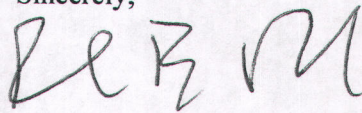
To properly calculate the reclamation cost estimate, the Notice of Intention to Commence Large Mining Operations (LMO) needs to be updated to ensure it is adequate and reflects the current operating conditions. Therefore, in accordance with R647-4-102 an updated map showing the permit area boundary as well as any reclaimed and/or active mining area is required. **Please submit the updated map and any other updates needed for the LMO no later than November 5, 2015.** This should be done in the form of an amendment using form MR-REV (LMO). According to the 2014 annual report, the mine disturbance was 56 acres, which is the maximum disturbance allowed under the current permit. The Division would like to schedule an inspection to verify the disturbed area boundary.

In addition, the Division has developed worksheets to assist both the Division and mine operators to calculate the reclamation cost using standard unit costs. These are available on the Division's web site at http://linux1.ogm.utah.gov/WebStuff/wwwroot/minerals/bonding_worksheets.html. Please complete these forms and return a copy to the Division for review. Once the forms have been reviewed, the Division will ask that you adjust the amount of surety to reflect the current reclamation cost estimate. **Please submit the reclamation cost estimate as an amendment to the Notice of Intention to Commence Large Mining Operations (LMO) by November 5, 2015.**

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John Hewitt
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September 16, 2015

Please contact April Abate at 801-538-5214 for the LMO update, Wayne Western at 801-538-5263 for the bond update, or me at 801-538-5261 if you have any questions regarding this letter. In reply please refer to file number M/049/0004.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. B. Baker'.

Paul B. Baker
Mining Program Manager

PBB: mbt: pb
cc: John Blake, SITLA (jblake@utah.gov)
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